

Message Text

CONFIDENTIAL

PAGE 01 SANTIA 06856 102229Z

12

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 L-03 H-02 PRS-01 /055 W

----- 073131

R 102100Z OCT 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 5172

C O N F I D E N T I A L SANTIAGO 6856

DEPT PASS TREASURY

EO 11652: GDS

TAGS: EFIN, CI

SUBJ: ECONOMIC CZAR ON FUTURE TRAVELS AND CHILEAN ECONOMIC
SITUATION

VEF: A) STATE 212374 B) SANTIAGO 6669

BEGIN UNCLASSIFIED:

1. FINANCE MINISTER CAUAS HOSTED LUNCHEON OCTOBER 9
FOR AMBASSADOR AND EMBOFFS. ALSO PRESENT WERE MINISTER OF
ECONOMY, CENTRAL BANK PRESIDENT, AND DIRECTOR OF DEVELOPMENT
PLANNING OFFICE. CAUAS ASKED THAT DEPARTMENT BE NOTIFIED OF
PLANS FOR TRAVEL TO US IN LATE OCTOBER TO DISCUSS DEBT
RESCHEDULING, OPIC INSURANCE, AND OTHER TOPICS OF MUTUAL
INTEREST. CAUAS PLANS TO DEPART SANTIAGO OCTOBER 27 FOR NEW
YORK, OVERNIGHT IN NEW YORK AND TRAVEL ON TO WASHINGTON
OCTOBER 28. HE EXPRESSED DESIRE FOR APPOINTMENTS WITH BOEKER
AND FISHLOW IN DEPARTMENT, COOPER AND BUSHNELL IN TREASURY,
AND WITH APPROPRIATE LEVEL OFFICER IN OPIC. CAUAS INTENDS TO
RETURN TO SANTIAGO O/A NOVEMBER 2/ END UNCLASSIFIED
2. LITTLE INFORMATION OF SPECIFIC INTEREST EMANATED FROM
LUNCHEON DISCUSSIONS. CAUAS MENTIONED THAT GOC DEBT NEGOTIATORS
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SANTIA 06856 102229Z

NOW IN EUROPE HAD JUST NEGOTIATED AGREEMENT WITH FRG AND THAT

THEY EXPECTED AGREEMENT WITH FRANCE TO BE CONCLUDED OCTOBER 10. ON 1976 DEBT RESCHEDULING, CAUAS INDICATED THAT GOC WAS PROCEEDING AS THOUGH CHILE WOULD NEED SOME TYPE OF DEBT RENEGOTIATION AS IN 1975. GOC, OF COURSE, WOULD PREFER TO AVOID PARIS CLUB MEETING IF AT ALL POSSIBLE.

3. AMBASSADOR ASKED CAUAS IF HE WAS CONCERNED THAT RECENT RAPID GROWTH OF MONEY SUPPLY WOULD PRODUCE STRONG INFLATIONARY PRESSURES IN MONTHS AHEAD. CAUAS TOOK MUCH THE SAME VIEW ON THIS MATTER AS THE DIRECTOR OF THE RECENT IMF MISSION TO CHILE (REFTEL B), EXPLAINING THAT CURRENT MONEY SUPPLY/GDP RATIO WAS LESS THAN 4 PERCENT AND THAT MORE NORMAL RATIO WOULD BE ABOUT 15 PERCENT. CAUAS THOUGHT IT SAFE TO ALLOW SOME EXPANSION OF MONEY SUPPLY DURING PERIOD OF DECELERATING INFLATION WHEN MONEY VELOCITY COULD BE EXPECTED TO FALL.

4. COMMENT. CAUAS SEEMED SOMEWHAT LESS OPTIMISTIC ABOUT ECONOMIC OUTLOOK THAN ON PAST OCCASIONS AND AS REPORTED IN REFTEL A. HE ACKNOWLEDGED THAT INFLATION WAS PROVING VERY STUBBORN TO ERADICATE AND HINTED AT FUTURE PROBLEMS IN MAINTAINING PRICE STABILITY ESPECIALLY BECAUSE OF PROSPECT FOR DIFFICULT BOP SITUATION IN MONTHS AHEAD.
POPPER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, DEBT REPAYMENTS, DIPLOMATIC DISCUSSIONS, MINISTERIAL VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SANTIA06856
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750354-0169
From: SANTIAGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751061/aaaacbzx.tel
Line Count: 84
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAY 2003 by ifshinsr>; APPROVED <29 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ECONOMIC CZAR ON FUTURE TRAVELS AND CHILEAN ECONOMIC SITUATION
TAGS: EFIN, OVIP, CI, US, (CAUAS LAMA, JORGE)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006